

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF MISSISSIPPI  
NORTHERN DIVISION**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**ARTHUR LAMAR ADAMS AND  
MADISON TIMBER PROPERTIES, LLC,**

**Defendants,**

**Case No.**

**3:18-cv-252-CWR-FKB**

**EXPEDITED MOTION TO APPOINT TEMPORARY RECEIVER**

Plaintiff Securities and Exchange Commission (“Commission”) files this Expedited Motion for the Appointment of a Temporary Receiver for Defendants in this matter. Due to the continued risk of dissipation of those assets, the Commission asks that the motion be heard as expeditiously as the Court’s schedule permits.

In support of its motion, the SEC contemporaneously files a memorandum brief and the following supportive exhibits:

Exhibit A: Letter from John M. Colette

Exhibit B: Individual Investor Lawsuit

Exhibit C: Murena's résumé and list of receivership cases

As set forth in the Complaint, the Commission alleges that Defendants defrauded numerous investors via a Ponzi scheme. While Defendants have not yet responded to the Complaint, Defendants' counsel has indicated that Defendants do not contest the core allegation that they conducted a Ponzi scheme. Indeed, during the change of plea hearing on May 9, 2018 in *United States v. Adams*, No. 3:18-CR-88-CWR-LRA (S.D.Miss.), Defendant Adams pled guilty to the Bill of Information filed against him for bank and wire fraud based on the same conduct.

Under these circumstances, a receiver is necessary to take control of the Defendants' assets for the benefit of investors in order to marshal and preserve those assets. The primary purpose of equity receiverships in an SEC action is to promote orderly and efficient administration of the estate by the district court for the benefit of investors. *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986). "The appointment of a receiver is a well-established equitable remedy available to the SEC in its civil enforcement proceedings for injunctive relief." *SEC v. First Fin. Group of Texas*, 645 F.2d 429, 438 (5th Cir. 1981). Moreover, because the Commission remains concerned about the potential for dissipation of investor funds and assets, the Commission requests that this motion be heard on an expedited basis.

Based on common law principles of equity, a receiver serves as a disinterested court officer who collects and possesses all property subject to the receivership, known as the receivership "estate." *See, e.g., Atlantic Trust Co. v. Chapman*, 208

U.S. 360, 370-71 (1908). The court holds custody of the receivership estate and administers it through the receiver. *Id.*; *see also Chicago Deposit Vault Co. v. McNulta*, 153 U.S. 554 (1894). The receiver's possession, therefore, is the court's possession. *Id.* In this case, the Commission anticipates the receiver ultimately distributing the estate assets back to defrauded investors.

The Commission's ability to seek receivership serves as a critical tool in enforcing the federal securities laws. In light of the estimated size of the fraud – nearly \$100 million – and the number of investors, a receiver is necessary in this case to preserve and analyze Defendants' and third parties' documents and financial records to determine the full extent of investor losses, to discover if there are viable claims against third parties, and to establish a claims process to facilitate a fair and orderly distribution of remaining assets to investors.

The Commission seeks the appointment of a temporary receiver who will, within 60 days, file a report that includes a preliminary plan for the administration of the receivership estate, including recommendations as to the most efficient means for marshalling, liquidating and distributing assets within that estate. The Court, with input from the Commission, can then better determine whether the receivership should be continued.

The Commission, therefore, respectfully asks that the Court enter an order in the form filed concurrently herewith appointing a temporary receiver in this case.

Dated this 10th day of May, 2018.

Respectfully submitted,

s/ W. Shawn Murnahan

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**CERTIFICATE OF SERVICE**

I hereby certify that on this day, I served a true and correct copy of the Plaintiff's Expedited Motion to Appoint Temporary Receiver on John M. Colette, Esq., as counsel for Defendants, via email and by United Parcel Service.

Dated this 10th day of May, 2018.

Respectfully submitted,

s/Kristi H. Johnson  
Kristi H. Johnson